

IOWA COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2005

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IOWA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2005)		
John Tibben	Board of Supervisors	Jan. 2007
Alice Derycke	Board of Supervisors	Jan. 2007
Charles Montross	Board of Supervisors	Jan. 2007
Rick L. Gerard	Board of Supervisors	Jan. 2005
Ray Garringer	Board of Supervisors	Jan. 2005
Linda Griggs	County Auditor	Jan. 2005
Kim Tanke	County Treasurer	Jan. 2007
Sue Peterson	County Recorder	Jan. 2007
James Slockett	County Sheriff	Jan. 2005
Lewis C. McMeen	County Attorney	Jan. 2007
Sharon L. Hudepohl	County Assessor	Jan. 2010
(After January 2005)		
John Tibben	Board of Supervisors	Jan. 2007
Alice Derycke	Board of Supervisors	Jan. 2007
Charles Montross	Board of Supervisors	Jan. 2007
Rick L. Gerard	Board of Supervisors	Jan. 2009
Ray Garringer	Board of Supervisors	Jan. 2009
Linda Griggs	County Auditor	Jan. 2009
Kim Tanke	County Treasurer	Jan. 2007
Sue Peterson	County Recorder	Jan. 2007
Nick Roggentien	County Sheriff	Jan. 2009
Lewis C. McMeen	County Attorney	Jan. 2007
Sharon L. Hudepohl	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of Iowa County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2006 on our consideration of Iowa County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Iowa County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. For the year ended June 30, 2002 we expressed a qualified opinion on those financial statements due to the omission of the general fixed asset account group. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 10, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa County provides this Management's Discussion and Analysis for the year ended June 30, 2005, financial statements. This information is a narrative overview and analysis of the financial activity in the report. It should help the reader understand the events that significantly affected the financial position of Iowa County as a whole.

FINANCIAL HIGHLIGHTS

Revenues of the County's governmental funds increased \$225,758, from \$11,477,807 in FY04 to \$11,703,565 in FY05, or 2%. Net property and other county taxes increased \$355,398, from \$5,524,123 in FY04 to \$5,879,521 in FY05, or 6%, due to an increase in property tax asking and an increase in Local Option Sales and Hotel Motel Taxes. Intergovernmental revenue decreased \$317,501, from \$4,975,930 in FY04 to \$4,658,429 in FY05, or 6% due to a decrease in federal grants received.

County program expenses were 3% higher in FY05 to \$12,730,899 from FY04 of \$12,336,143 for an increase of \$394,756. Public Safety increased because of higher employee costs, County Environment and Education decreased due to expenditures of grants in the prior year and Capital Projects increased due to beginning construction of the Law Enforcement Center.

USING THE ANNUAL REOPRT

This report consists of a series of financial statements and other information.

The Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Iowa County as a whole and present an overall view of the county's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Iowa County's operations in more detail than the government-wide statements by providing information about the most significant funds.

The remaining statements provide financial information about activities for which Iowa County acts solely as an agent or custodian for the benefit of those outside the government. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Other supplementary information provides detailed information about the non-major governmental funds and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about Iowa County as a whole using accounting methods similar to those used in private-sector companies. The statement of Net Assets includes all of Iowa County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when the cash was received or paid.

The County's government activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration or general government, and interest on long-term debt.

Fund Financial Statements

The fund financial statements provide more detailed information about Iowa County's funds, focusing on its most significant or "major" funds – not Iowa County as a whole. Funds are accounting devices Iowa County uses to keep track of specific sources of funding and spending on particular programs.

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: the General Fund, The Special Revenue Funds such as Mental Health, Rural Services, and Secondary Roads, The Debt Service Fund, and the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs.

Proprietary funds account for the County's partial self funded insurance fund which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds, among which are included Emergency Management Services, the County Assessor, and the E-911 Service Board.

The Fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS
Changes in Net Assets of Governmental Activities

Program Revenues	2004	2005	Difference	% of Change
Charges for Services	1,131,613	1,106,137	(25,476)	-2.25%
Operating Grants	3,920,480	4,018,651	98,171	2.50%
Capital Grants	850,585	1,468,810	618,225	72.68%
General Revenue				
Property and other taxes				
General Purposes	4,068,342	4,206,979	138,637	3.41%
Debt Service	74,775	76,941	2,166	2.90%
Penalty & Property Tax Interest	75,620	53,759	(21,861)	-28.91%
State Tax Credits	313,060	221,214	(91,846)	-29.34%
Payment in lieu of Taxes	0	12,284	12,284	100.00%
Local Option Sales & Service Tax	1,175,922	1,321,550	145,628	12.38%
Hotel/Motel Tax	204,016	261,231	57,215	28.04%
Unrestricted Grants	21,454	10,031	(11,423)	-53.24%
Unrestricted Investment Earnings	54,883	112,421	57,538	104.84%
Miscellaneous	58,467	35,910	(22,557)	-38.58%
Total Revenues	11,949,217	12,905,918	956,701	8.01%
Program Expenses				
Public Safety & Legal Services	1,643,544	1,927,489	283,945	17.28%
Physical Health & Social Services	730,480	718,385	(12,095)	-1.66%
Mental Health	1,397,984	1,318,617	(79,367)	-5.68%
County Environment & Education	927,240	649,066	(278,174)	-30.00%
Roads & Transportation	4,800,143	5,421,998	621,855	12.95%
Government Services to Residents	348,624	372,648	24,024	6.89%
Administration	1,272,044	1,119,829	(152,215)	-11.97%
Non-Program	18,019	-	(18,019)	-100.00%
Interest on Long Term Debt	5,721	208,212	202,491	3539.43%
Capital Projects	428,461	-	(428,461)	-100.00%
Total Expenses	11,572,260	11,736,244	163,984	1.42%
 Increase in Net Assets	 376,957	 1,169,674		
 Net Assets beginning of the year	 17,168,051	 17,545,008		
 Net Assets end of year	 17,545,008	 18,714,682		

NET ASSETS OF GOVERNEMENTAL ACTIVITIES

	2004	2005	Difference	% of change
Current & Other Assets	9,645,477	12,782,514	3,137,037	32.52%
Capital Assets	14,033,218	16,213,716	2,180,498	15.54%
Total Assets	23,678,695	28,996,230	5,317,535	22.46%
Long-Term Liabilities	908,435	4,423,846	3,515,411	386.97%
Other Liabilities	5,225,252	5,857,702	632,450	12.10%
Total Liabilities	6,133,687	10,281,548	4,147,861	67.62%
Net Assets				
Invested in Capital Assets, net of related debt	13,713,218	14,992,770	1,279,552	9.33%
Restricted	2,426,464	2,392,433	-34,031	-1.40%
Unrestricted	1,405,326	1,329,479	-75,847	-5.40%
Total Net Assets	17,545,008	18,714,682	1,169,674	6.67%

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, the governmental funds reported a combined fund balance of \$6.8 million, as compared to last year's balance of \$4.1 million. The following are reasons for the changes in fund balances.

The Capital Projects fund was established in 2005 and had an ending fund balance of \$2,684,054 due to the remainder of proceeds of the bonds issued during the year.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, revenues increased \$371,779 due to a higher tax levy and expenditures decreased \$77,966. The Mental Health Fund balance at year end was \$344,859 for an increase of \$193,320.

Rural Services Basic Fund revenues increased by \$99,271 and expenditures increased by \$303,050. This fund transferred \$744,000 to the Secondary Road fund, funded five road patrol deputies from the sheriff's office at \$301,360 (the primary reason for the increase in expenditures), contributed \$61,000 to libraries, paid solid waste disposal totaling \$128,336, and funded road clearing at \$71,417.

Secondary Roads Fund revenues increased by \$209,678 to \$4,141,171 and expenditures decreased by \$133,992 to \$4,869,154. These changes reflect changes in grant revenue and expenditure dollars for the Main Street Amana Project.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following the required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget three times. The amendments were made on November 12, 2004, April 22, 2005, and May 27, 2005, and resulted in a \$2,406,500 increase in expenditures and \$3,748,928 increase in revenues and other financing sources from the original certified budget. The sale of general obligation bonds and the Law Enforcement Center were amended into the budget. The County exceeded the Debt Service function during the year ended June 30, 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the year end Iowa County had approximately \$16 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges, net of approximately \$10 of accumulated depreciation.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

LONG-TERM OBLIGATIONS

At year end, the County had \$3,905,000 in bonds and notes payable compared to \$320,000 last year.

The County issued \$3,700,000 in general obligation County Law Enforcement Center bonds to construct a new building to house the sheriff's office and jail. The bonds are payable through 2024 and have interest rates ranging from 2.3% to 5.15%.

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below the limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the County's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS, AND NEXT YEAR'S BUDGETS, AND RATES

Iowa County's elected and appointed officials and citizens considered many factors when setting the fiscal year budget, tax rate, and the fees that will be charged for the various County services. Factors include the economy, changes in real estate valuations, and reduction in state funding.

The County added no major new programs or initiatives to the 2006 budget year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This management discussion and analysis is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Iowa County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Iowa County, 901 Court Ave., Marengo, IA 52301

Prepared by: Linda Griggs, Iowa County Auditor

Dated: March 24, 2006

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Basic Financial Statements

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,801,099
Receivables:	
Property tax:	
Delinquent	40,422
Succeeding year	4,988,000
Interest and penalty on property tax	51,008
Accounts	43,401
Accrued interest	29,832
Drainage assessments	77,597
Due from other governments	576,654
Inventories	174,501
Capital assets, net of accumulated depreciation (note 4)	<u>16,213,716</u>
Total assets	<u>28,996,230</u>
Liabilities	
Accounts payable	604,987
Salaries and benefits payable	125,010
Due to other governments (note 5)	126,197
Accrued interest payable	13,508
Deferred revenue:	
Succeeding year property tax	4,988,000
Long-term liabilities (note 6):	
Portion due or payable within one year:	
General obligation hotel/motel tax bonds	35,000
General obligation County law enforcement center bonds	140,000
Compensated absences	466,962
Portion due or payable after one year:	
General obligation hotel/motel tax bonds	170,000
General obligation County law enforcement center bonds	3,560,000
Compensated absences	<u>51,884</u>
Total liabilities	<u>10,281,548</u>

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 14,992,770
Restricted for:	
Supplemental levy purposes	237,040
Cemetery levy	20,207
Mental health purposes	334,866
Rural services	279,266
Secondary roads	953,662
Other special revenue purposes	567,392
Unrestricted	<u>1,329,479</u>
Total net assets	\$ <u><u>18,714,682</u></u>

See notes to financial statements.

IOWA COUNTY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental Activities:					
Public safety and legal services	\$ 1,927,489	\$ 270,679	\$ 35,851	\$ -	\$ (1,620,959)
Physical health and social services	718,385	169,533	406,509	-	(142,343)
Mental health	1,318,617	58,600	743,417	-	(516,600)
County environment and education	649,066	87,991	34,309	28,893	(497,873)
Roads and transportation	5,421,998	139,245	2,787,342	1,439,917	(1,055,494)
Government services to residents	372,648	284,449	11,223	-	(76,976)
Administration	1,119,829	95,640	-	-	(1,024,189)
Interest and other fiscal charges on long-term debt	208,212	-	-	-	(208,212)
Total	\$ 11,736,244	\$ 1,106,137	\$ 4,018,651	\$ 1,468,810	(5,142,646)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,206,979
Debt service					76,941
Penalty and interest on property tax					53,759
State tax credits					221,214
Payments in lieu of taxes					12,284
Local option sales and services tax					1,321,550
Hotel/motel tax					261,231
Grants and contributions not restricted to a specific purpose					10,031
Unrestricted investment earnings					112,421
Miscellaneous					35,910
Total general revenues					6,312,320
Change in net assets					1,169,674
Net assets beginning of year					17,545,008
Net assets end of year					\$ 18,714,682

See notes to financial statements.

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IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,761,663	\$ 497,176	\$ 297,893	\$ 929,949
Receivables:				
Property tax:				
Delinquent	21,950	4,940	11,496	-
Succeeding year	2,795,000	629,000	1,282,000	-
Interest and penalty on property tax	51,008	-	-	-
Accounts	39,533	1,000	-	1,452
Accrued interest	4,772	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	60,422	-	-	420,651
Inventories	-	-	-	174,501
Total assets	\$ <u>4,734,348</u>	\$ <u>1,132,116</u>	\$ <u>1,591,389</u>	\$ <u>1,526,553</u>

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,882,203	\$ 432,215	\$ 6,801,099
-	2,036	40,422
-	282,000	4,988,000
-	-	51,008
-	1,416	43,401
25,010	50	29,832
-	77,597	77,597
21,944	73,637	576,654
-	-	174,501
<u>\$ 2,929,157</u>	<u>\$ 868,951</u>	<u>\$ 12,782,514</u>

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 73,486	\$ 27,882	\$ -	\$ 246,197
Salaries and benefits payable	41,824	2,391	-	80,795
Due to other governments (note 5)	3,037	123,044	-	116
Deferred revenue:				
Succeeding year property tax	2,795,000	629,000	1,282,000	-
Other	72,958	4,940	11,496	-
Total liabilities	<u>2,986,305</u>	<u>787,257</u>	<u>1,293,496</u>	<u>327,108</u>
Fund balance:				
Reserved for:				
Inventories	-	-	-	174,501
Supplemental levy purposes	265,761	-	-	-
Debt service	-	-	-	-
Cemetery levy	20,107	-	-	-
Unreserved, reported in:				
General fund	1,462,175	-	-	-
Special revenue funds	-	344,859	297,893	1,024,944
Capital projects fund	-	-	-	-
Total fund balances	<u>1,748,043</u>	<u>344,859</u>	<u>297,893</u>	<u>1,199,445</u>
Total liabilities and fund balances	<u>\$ 4,734,348</u>	<u>\$ 1,132,116</u>	<u>\$ 1,591,389</u>	<u>\$ 1,526,553</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 245,103	\$ 12,319	\$ 604,987
-	-	125,010
-	-	126,197
-	282,000	4,988,000
-	79,633	169,027
<u>245,103</u>	<u>373,952</u>	<u>6,013,221</u>
-	-	174,501
-	-	265,761
-	5,204	5,204
-	-	20,107
-	-	1,462,175
-	489,795	2,157,491
<u>2,684,054</u>	-	<u>2,684,054</u>
<u>2,684,054</u>	<u>494,999</u>	<u>6,769,293</u>
<u>\$ 2,929,157</u>	<u>\$ 868,951</u>	<u>\$ 12,782,514</u>

IOWA COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total fund balances of governmental funds	\$ 6,769,293
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$26,655,107 and the accumulated depreciation is \$10,441,391.	16,213,716
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	169,027
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(13,508)
Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,423,846)</u>
Net assets of governmental activities	<u><u>\$ 18,714,682</u></u>
See notes to financial statements.	

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IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 2,292,306	\$ 672,141	\$ 1,256,563	\$ 1,321,550
Interest and penalty on property tax	48,015	-	-	-
Intergovernmental	836,658	780,617	65,535	2,680,376
Licenses and permits	27,159	-	-	405
Charges for service	493,184	1,000	-	-
Use of money and property	130,335	-	-	16,900
Miscellaneous	53,386	58,421	-	121,940
Total revenues	3,881,043	1,512,179	1,322,098	4,141,171
Expenditures:				
Operating:				
Public safety and legal services	1,663,718	-	301,360	-
Physical health and social services	692,092	-	-	-
Mental health	-	1,318,859	-	-
County environment and education	310,768	-	189,336	-
Roads and transportation	-	-	71,417	4,088,064
Government services to residents	342,583	-	-	-
Administration	1,081,562	-	3,056	-
Debt service	-	-	-	-
Capital projects	-	-	-	781,090
Total expenditures	4,090,723	1,318,859	565,169	4,869,154
Excess (deficiency) of revenues over (under) expenditures	(209,680)	193,320	756,929	(727,983)
Other financing sources (uses):				
Interfund transfers in (note 3)	85,000	-	-	744,000
Interfund transfers out (note 3)	-	-	(744,000)	-
General obligation bonds issued	-	-	-	-
Total other financing sources (uses)	85,000	-	(744,000)	744,000

Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ 336,961	\$ 5,879,521
-	-	48,015
-	295,243	4,658,429
-	-	27,564
-	70,492	564,676
46,082	599	193,916
21,944	75,753	331,444
68,026	779,048	11,703,565
-	-	1,965,078
-	2,252	694,344
-	-	1,318,859
-	149,663	649,767
-	-	4,159,481
-	31,392	373,975
-	-	1,084,618
-	254,652	254,652
904,383	544,652	2,230,125
904,383	982,611	12,730,899
(836,357)	(203,563)	(1,027,334)
-	-	829,000
-	(85,000)	(829,000)
3,520,411	129,950	3,650,361
3,520,411	44,950	3,650,361

IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ (124,680)	\$ 193,320	\$ 12,929	\$ 16,017
Fund balances beginning of year	1,872,723	151,539	284,964	1,183,428
Fund balances end of year	<u>\$ 1,748,043</u>	<u>\$ 344,859</u>	<u>\$ 297,893</u>	<u>\$ 1,199,445</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 2,684,054	\$ (158,613)	\$ 2,623,027
-	653,612	4,146,266
<u>\$ 2,684,054</u>	<u>\$ 494,999</u>	<u>\$ 6,769,293</u>

IOWA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ 2,623,027

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. The amount of capital outlays and
depreciation expense in the current year are as follows:

Capital outlays	\$ 2,073,163	
Capital assets contributed by the Iowa Department of Transportation	1,271,081	
Depreciation expense	<u>(1,163,746)</u>	2,180,498

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds.

Property tax	(7,076)	
Drainage assessments	<u>(69,013)</u>	(76,089)

Bond proceeds provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net
assets.

Bond proceeds	(3,650,361)	
Accrued interest	7,361	
Issuance costs	<u>(57,000)</u>	(3,700,000)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
assets. 115,000

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in governmental funds, as follows:

Compensated absences	69,589	
Interest on long-term debt	<u>(11,560)</u>	58,029

IOWA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

\$ (30,791)

Change in net assets of governmental activities

\$ 1,169,674

See notes to financial statements.

IOWA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2005

	Internal Service - Employee <u>Group Health</u>
Operating revenues:	
None	\$ <u> -</u>
Operating expenses:	
Miscellaneous	<u> 30,791</u>
Operating loss	(30,791)
Net assets beginning of year	<u> 30,791</u>
Net assets end of year	\$ <u><u> -</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2005

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash payments to funds to refund excess charges	\$ <u>(30,791)</u>
Net decrease in cash and cash equivalents	(30,791)
Cash and cash equivalents at beginning of year	<u>30,791</u>
Cash and cash equivalents at end of year	\$ <u><u>-</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (30,791)
Adjustments to reconcile operating loss to net cash used in operating activities:	
None	<u>-</u>
Net cash used in operating activities	\$ <u><u>(30,791)</u></u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2005

Assets

Cash and pooled investments:

County Treasurer	\$ 812,391
Other County officials	3,146

Receivables:

Property tax receivable:

Delinquent	84,613
Succeeding year	13,239,000

Accounts	26,778
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Accrued interest	<u>7</u>
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Total assets	<u><u>\$ 14,165,935</u></u>
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Liabilities

Accounts payable	\$ 16,168
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Salaries and benefits payable	1,323
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Due to other governments (note 5)	14,116,488
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Trusts payable	7,672
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Compensated absences	<u>24,284</u>
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Total liabilities	<u><u>\$ 14,165,935</u></u>
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See notes to financial statements.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies

Iowa County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Iowa County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Iowa County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the drainage districts can be obtained from the Iowa County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Emergency Management Commission and Iowa County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The statement of net assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is used to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 100,000
Buildings and improvements	25,000
Land, equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the Debt Service function.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 2. Cash and Pooled Investments (continued)

The County's funds are all deposited in financial institution depository accounts.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 744,000
General	Hotel Motel Tax	50,000
	Debt Service	<u>35,000</u>
		<u>\$ 829,000</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,064,631	\$ 115,000	\$ -	\$ 1,179,631
Construction in progress	835,828	1,406,621	1,753,504	488,945
Total capital assets not being depreciated	<u>1,900,459</u>	<u>1,521,621</u>	<u>1,753,504</u>	<u>1,668,576</u>
Capital assets being depreciated:				
Buildings	2,877,042	39,000	-	2,916,042
Machinery and equipment	5,196,494	345,873	259,612	5,282,755
Infrastructure	13,596,480	3,191,254	-	16,787,734
Total capital assets being depreciated	<u>21,670,016</u>	<u>3,576,127</u>	<u>259,612</u>	<u>24,986,531</u>
Less accumulated depreciation for:				
Buildings	1,671,273	87,584	-	1,758,857
Machinery and equipment	3,611,279	554,217	259,612	3,905,884
Infrastructure	4,254,705	521,945	-	4,776,650
Total accumulated depreciation	<u>9,537,257</u>	<u>1,163,746</u>	<u>259,612</u>	<u>10,441,391</u>
Total capital assets being depreciated, net	<u>12,132,759</u>	<u>2,412,381</u>	<u>-</u>	<u>14,545,140</u>
Governmental activities capital assets, net	<u>\$ 14,033,218</u>	<u>\$ 3,934,002</u>	<u>\$ 1,753,504</u>	<u>\$ 16,213,716</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 85,995
Physical health and social services	31,385
Mental health	875
County environment and education	17,082
Roads and transportation	985,095
Administration	<u>43,314</u>

Total depreciation expense - governmental activities	<u><u>\$ 1,163,746</u></u>
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Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Services and Collections</u>	<u>Delinquent and Succeeding Year Property Taxes</u>	<u>Total</u>
General	Services	\$ <u>3,037</u>	\$ <u>-</u>	\$ <u>3,037</u>
Special Revenue:				
Mental Health	Services	123,044	-	123,044
Secondary Roads	Services	<u>116</u>	<u>-</u>	<u>116</u>
		<u>123,160</u>	<u>-</u>	<u>123,160</u>
Total for governmental funds		<u><u>\$ 126,197</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 126,197</u></u>
Agency:				
County Assessor	Collections	\$ 105,557	\$ 310,423	\$ 415,980
Schools		209,532	9,044,476	9,254,008
Community College		10,139	418,257	428,396
Corporations		25,126	3,152,182	3,177,308
Auto License and Use Tax		331,037	-	331,037
All Other		<u>111,484</u>	<u>398,275</u>	<u>509,759</u>
Total for agency funds		<u><u>\$ 792,875</u></u>	<u><u>\$ 13,323,613</u></u>	<u><u>\$ 14,116,488</u></u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	General Obligation Bonds	General Obligation Hotel/Motel Tax Bonds	General Obligation County Law Enforcement Center Bonds	Compensated Absences	Total
Balance beginning of year	\$ 80,000	\$ 240,000	\$ -	\$ 588,435	\$ 908,435
Increases	-	-	3,700,000	460,003	4,160,003
Decreases	80,000	35,000	-	529,592	644,592
Balance end of year	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 3,700,000</u>	<u>\$ 518,846</u>	<u>\$ 4,423,846</u>
Due within one year	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 140,000</u>	<u>\$ 466,962</u>	<u>\$ 641,962</u>

General Obligation Hotel/Motel Tax Bonds Payable

A summary of the County's June 30, 2005, general obligation hotel/motel tax bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	2.20 %	\$ 35,000	\$ 6,196	\$ 41,196
2007	2.55	40,000	5,138	45,138
2008	2.90	40,000	3,940	43,940
2009	3.20	45,000	2,720	47,720
2010	3.50	45,000	1,360	46,360
		<u>\$ 205,000</u>	<u>\$ 19,354</u>	<u>\$ 224,354</u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2005

Note 6. Long-Term Liabilities (continued)

General Obligation County Law Enforcement Center Bonds Payable

During the year ended June 30, 2005, the County issued \$3,700,000 in general obligation County law enforcement center bonds for the purpose of building a new law enforcement center and jail. The bonds are payable through 2024 and have interest rates ranging from 2.30% to 5.15%.

A summary of the County's June 30, 2005, general obligation County law enforcement center bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	2.30 %	\$ 140,000	\$ 155,883	\$ 295,883
2007	2.65	145,000	152,662	297,662
2008	2.95	145,000	148,820	293,820
2009	3.20	150,000	144,543	294,543
2010	3.40	155,000	139,742	294,742
2011	3.60	160,000	134,473	294,473
2012	3.80	165,000	128,712	293,712
2013	3.95	175,000	122,443	297,443
2014	4.10	180,000	115,530	295,530
2015	4.20	185,000	108,150	293,150
2016	4.35	195,000	100,380	295,380
2017	4.45	205,000	91,897	296,897
2018	4.55	210,000	82,775	292,775
2019	4.65	220,000	73,220	293,220
2020	4.75	230,000	62,990	292,990
2021	4.85	240,000	52,065	292,065
2022	4.95	255,000	40,425	295,425
2023	5.05	265,000	27,802	292,802
2024	5.15	280,000	14,420	294,420
		<u>\$ 3,700,000</u>	<u>\$ 1,896,932</u>	<u>\$ 5,596,932</u>

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 7. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2005 are 8.535% and 8.535%, respectively. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively, and for the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 7.48%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$225,203, \$207,861 and \$200,454, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Iowa County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were \$190,136.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2005

Note 8. Risk Management (continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Construction Commitment

The County has entered into various contracts totaling \$3,389,291 for a new law enforcement center and bridge construction. As of June 30, 2005, costs of \$488,945 have been incurred against the contracts. The balance remaining at June 30, 2005 of \$2,900,346 will be paid as work on the projects progresses.

Note 10. Employee Health Insurance Plan

During the year ended June 30, 2003, the County made the decision to end the partial self-funded plan in favor of a purchased insurance plan only with employees covering the full amount of the deductibles. This was instituted during the year ended June 30, 2004. The Iowa County Employee Group Health Fund remained active for the year ended June 30, 2005 only to refund the excess funds to the applicable County funds which paid premiums into the fund.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2005

Note 11. Urban Renewal Development Agreement

During the year ended June 30, 2005, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments to the developer totaling \$500,000. The payments will be made semi-annually through June 1, 2019, or until the developer's costs have been met. The project is an expansion of a local hotel complex.

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Required Supplementary Information

IOWA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds Required Supplementary Information Year Ended June 30, 2005

	Actual	Less Funds not Required to be Budgeted	Net
	<u>Actual</u>	<u>Budgeted</u>	<u>Net</u>
RECEIPTS:			
Property and other County tax	\$ 5,777,003	\$ -	\$ 5,777,003
Interest and penalty on property tax	48,378	-	48,378
Intergovernmental	4,891,262	-	4,891,262
Licenses and permits	27,322	-	27,322
Charges for service	584,856	-	584,856
Use of money and property	237,262	69,809	167,453
Miscellaneous	235,897	-	235,897
Total receipts	<u>11,801,980</u>	<u>69,809</u>	<u>11,732,171</u>
DISBURSEMENTS:			
Public safety and legal services	1,965,604	-	1,965,604
Physical health and social services	694,824	-	694,824
Mental health	1,302,024	-	1,302,024
County environment and education	633,099	-	633,099
Roads and transportation	4,138,573	-	4,138,573
Government services to residents	371,792	-	371,792
Administration	1,091,606	-	1,091,606
Non-program	15,413	-	15,413
Debt service	254,652	-	254,652
Capital projects	2,166,984	15,413	2,151,571
Total disbursements	<u>12,634,571</u>	<u>15,413</u>	<u>12,619,158</u>
Excess (deficiency) of receipts over (under) disbursements	(832,591)	54,396	(886,987)
Other financing sources, net	<u>3,650,361</u>	-	<u>3,650,361</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,817,770	54,396	2,763,374
Balance beginning of year	<u>3,983,329</u>	<u>47,572</u>	<u>3,935,757</u>
Balance end of year	<u>\$ 6,801,099</u>	<u>\$ 101,968</u>	<u>\$ 6,699,131</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 5,703,260	\$ 5,703,260	\$ 73,743
21,500	21,500	26,878
4,771,719	4,834,547	56,715
25,750	25,750	1,572
554,974	564,074	20,782
208,984	183,984	(16,531)
105,395	107,395	128,502
<u>11,391,582</u>	<u>11,440,510</u>	<u>291,661</u>
1,899,004	2,041,396	75,792
719,531	726,114	31,290
1,483,026	1,483,026	181,002
717,398	721,248	88,149
4,196,181	4,196,181	57,608
345,361	396,109	24,317
1,064,934	1,247,584	155,978
19,840	63,028	47,615
81,780	254,602	(50)
<u>1,524,000</u>	<u>3,328,267</u>	<u>1,176,696</u>
<u>12,051,055</u>	<u>14,457,555</u>	<u>1,838,397</u>
(659,473)	(3,017,045)	2,130,058
<u>-</u>	<u>3,700,000</u>	<u>(49,639)</u>
(659,473)	682,955	2,080,419
<u>3,387,900</u>	<u>3,983,329</u>	<u>(47,572)</u>
<u>\$ 2,728,427</u>	<u>\$ 4,666,284</u>	<u>\$ 2,032,847</u>

IOWA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,801,980	\$ (98,415)	\$ 11,703,565
Expenditures	12,634,571	96,328	12,730,899
Net	(832,591)	(194,743)	(1,027,334)
Other financing sources	3,650,361	-	3,650,361
Beginning fund balances	3,983,329	162,937	4,146,266
Ending fund balances	<u>\$ 6,801,099</u>	<u>\$ (31,806)</u>	<u>\$ 6,769,293</u>

See accompanying independent auditor's report.

IOWA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,406,500. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the Debt Service function.

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Other Supplementary Information

IOWA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
ASSETS				
Cash and pooled investments	\$ 16,748	\$ 7,262	\$ 101,968	\$ 147,881
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Accrued interest	4	3	21	-
Drainage assessments	-	-	77,597	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 16,752</u>	<u>\$ 7,265</u>	<u>\$ 179,586</u>	<u>\$ 147,881</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 750	\$ 11,000
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	77,597	-
Total liabilities	<u>-</u>	<u>-</u>	<u>78,347</u>	<u>11,000</u>
Fund equity:				
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved:				
Undesignated	<u>16,752</u>	<u>7,265</u>	<u>101,239</u>	<u>136,881</u>
Total fund equity	<u>16,752</u>	<u>7,265</u>	<u>101,239</u>	<u>136,881</u>
Total liabilities and fund equity	<u>\$ 16,752</u>	<u>\$ 7,265</u>	<u>\$ 179,586</u>	<u>\$ 147,881</u>

<u>Conservation Donation</u>	<u>Hotel Motel Tax</u>	<u>Federal Emergency Management</u>	<u>REAP</u>	<u>Amana Villages</u>	<u>Fuller Green Valley</u>	<u>Pilot Grove Conservation</u>
\$ 13,764	\$ 116,709	\$ -	\$ 2,521	\$ 11,195	\$ 8,613	\$ 350
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,416	-	-	-	-	-	-
3	-	-	3	16	-	-
-	-	-	-	-	-	-
-	65,152	-	-	8,485	-	-
<u>\$ 15,183</u>	<u>\$ 181,861</u>	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ 19,696</u>	<u>\$ 8,613</u>	<u>\$ 350</u>
\$ -	\$ -	\$ 569	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	569	-	-	-	-
-	-	-	-	-	-	-
15,183	181,861	(569)	2,524	19,696	8,613	350
15,183	181,861	(569)	2,524	19,696	8,613	350
<u>\$ 15,183</u>	<u>\$ 181,861</u>	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ 19,696</u>	<u>\$ 8,613</u>	<u>\$ 350</u>

IOWA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	<u>Debt Service</u>	<u>Total</u>
ASSETS		
Cash and pooled investments	\$ 5,204	\$ 432,215
Receivables:		
Property tax:		
Delinquent	2,036	2,036
Succeeding year	282,000	282,000
Accounts	-	1,416
Accrued interest	-	50
Drainage assessments	-	77,597
Due from other governments	-	73,637
	<u> </u>	<u> </u>
Total assets	\$ <u>289,240</u>	\$ <u>868,951</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ -	\$ 12,319
Deferred revenue:		
Succeeding year property tax	282,000	282,000
Other	2,036	79,633
Total liabilities	<u>284,036</u>	<u>373,952</u>
Fund equity:		
Fund balances:		
Reserved for:		
Debt service	5,204	5,204
Unreserved:		
Undesignated	-	489,795
Total fund equity	<u>5,204</u>	<u>494,999</u>
	<u> </u>	<u> </u>
Total liabilities and fund equity	\$ <u>289,240</u>	\$ <u>868,951</u>

See accompanying independent auditor's report.

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IOWA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Conservation Land Acquisition
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for service	4,437	-	-	66,055
Use of money and property	40	71	220	-
Miscellaneous	-	-	69,600	-
Total revenues	<u>4,477</u>	<u>71</u>	<u>69,820</u>	<u>66,055</u>
Expenditures:				
Operating:				
Physical health services	-	-	-	-
County environment and education	-	-	-	21,577
Government services to residents	1,679	29,713	-	-
Debt service	-	-	-	-
Capital projects	-	-	15,433	-
Total expenditures	<u>1,679</u>	<u>29,713</u>	<u>15,433</u>	<u>21,577</u>
Excess (deficiency) of revenues over (under) expenditures	2,798	(29,642)	54,387	44,478
Other financing sources (uses):				
Interfund transfers out	-	-	-	-
General obligation bonds issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,798	(29,642)	54,387	44,478
Fund balances beginning of year	<u>13,954</u>	<u>36,907</u>	<u>46,852</u>	<u>92,403</u>
Fund balances end of year	<u>\$ 16,752</u>	<u>\$ 7,265</u>	<u>\$ 101,239</u>	<u>\$ 136,881</u>

<u>Conservation Donation</u>	<u>Hotel Motel Tax</u>	<u>Federal Emergency Management</u>	<u>REAP</u>	<u>Amana Villages</u>	<u>Fuller Green Valley</u>	<u>Pilot Grove Conservation</u>
\$ -	\$ 261,231	\$ -	\$ -	\$ -	\$ -	-
-	-	1,320	10,355	275,802	-	3,850
-	-	-	-	-	-	-
33	-	-	19	216	-	-
4,753	-	-	-	-	1,400	-
<u>4,786</u>	<u>261,231</u>	<u>1,320</u>	<u>10,374</u>	<u>276,018</u>	<u>1,400</u>	<u>3,850</u>
-	-	2,252	-	-	-	-
5,000	99,751	-	18,538	-	1,297	3,500
-	-	-	-	-	-	-
-	42,570	-	-	-	-	-
-	-	-	-	529,219	-	-
<u>5,000</u>	<u>142,321</u>	<u>2,252</u>	<u>18,538</u>	<u>529,219</u>	<u>1,297</u>	<u>3,500</u>
(214)	118,910	(932)	(8,164)	(253,201)	103	350
-	(50,000)	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(214)	68,910	(932)	(8,164)	(253,201)	103	350
15,397	112,951	363	10,688	272,897	8,510	-
<u>\$ 15,183</u>	<u>\$ 181,861</u>	<u>\$ (569)</u>	<u>\$ 2,524</u>	<u>\$ 19,696</u>	<u>\$ 8,613</u>	<u>\$ 350</u>

IOWA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	Debt Service	Total
Revenues:		
Property and other County tax	\$ 75,730	\$ 336,961
Intergovernmental	3,916	295,243
Charges for service	-	70,492
Use of money and property	-	599
Miscellaneous	-	75,753
Total revenues	<u>79,646</u>	<u>779,048</u>
Expenditures:		
Operating:		
Physical health services	-	2,252
County environment and education	-	149,663
Government services to residents	-	31,392
Debt service	212,082	254,652
Capital projects	-	544,652
Total expenditures	<u>212,082</u>	<u>982,611</u>
Excess (deficiency) of revenues over (under) expenditures	(132,436)	(203,563)
Other financing sources (uses):		
Interfund transfers out	(35,000)	(85,000)
General obligation bonds issued	129,950	129,950
Total other financing sources (uses)	<u>94,950</u>	<u>44,950</u>
Net change in fund balances	(37,486)	(158,613)
Fund balances beginning of year	<u>42,690</u>	<u>653,612</u>
Fund balances end of year	<u>\$ 5,204</u>	<u>\$ 494,999</u>

See accompanying independent auditor's report.

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IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2005

	County Offices			Agricultural	County
	County	County	County	Extension	County
	Auditor	Recorder	Sheriff	Education	Assessor
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	\$ 1,793	\$ 122,301
Other County officials	1,923	-	1,223	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	564	2,423
Succeeding year	-	-	-	72,000	308,000
Accounts	-	67	-	-	19
Accrued interest	-	-	-	-	-
Total assets	\$ <u>1,923</u>	\$ <u>67</u>	\$ <u>1,223</u>	\$ <u>74,357</u>	\$ <u>432,743</u>
LIABILITIES					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ 4,226
Salaries and benefits payable	-	-	-	-	-
Due to other governments	-	17	-	74,357	415,980
Trusts payable	1,923	-	1,223	-	-
Compensated absences	-	-	-	-	12,537
Total liabilities	\$ <u>1,923</u>	\$ <u>67</u>	\$ <u>1,223</u>	\$ <u>74,357</u>	\$ <u>432,743</u>

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 209,532	\$ 10,139	\$ 25,126	\$ 4,824	\$ 90	\$ 342,634	\$ 61
-	-	-	-	-	-	-
69,476	3,257	6,182	1,489	-	-	20
8,975,000	415,000	3,146,000	203,000	-	-	3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 9,254,008</u>	<u>\$ 428,396</u>	<u>\$ 3,177,308</u>	<u>\$ 209,313</u>	<u>\$ 90</u>	<u>\$ 342,634</u>	<u>\$ 3,081</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,597	\$ -
-	-	-	-	-	-	-
9,254,008	428,396	3,177,308	209,313	90	331,037	3,081
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 9,254,008</u>	<u>\$ 428,396</u>	<u>\$ 3,177,308</u>	<u>\$ 209,313</u>	<u>\$ 90</u>	<u>\$ 342,634</u>	<u>\$ 3,081</u>

IOWA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2005

	Emergency Management	Fire Districts	Amana Land Use District	Sanitary Districts	E-911 Service Commission
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ 33,608	\$ 2,187	\$ 911	\$ 444	\$ 27,514
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	794	408	-	-
Succeeding year	-	66,000	23,000	28,000	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Total assets	<u>\$ 33,608</u>	<u>\$ 68,981</u>	<u>\$ 24,319</u>	<u>\$ 28,444</u>	<u>\$ 27,514</u>
LIABILITIES					
Accounts payable	\$ 155	\$ -	\$ -	\$ -	-
Salaries and benefits payable	1,323	-	-	-	-
Due to other governments	32,130	68,981	24,319	28,444	27,514
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	<u>\$ 33,608</u>	<u>\$ 68,981</u>	<u>\$ 24,319</u>	<u>\$ 28,444</u>	<u>\$ 27,514</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Tax Sale Redemption</u>	<u>Bankruptcy Trust</u>	<u>Comdemnation Trust</u>	<u>Monies/ Credit Loans Credit</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 23,283	\$ 1,622	\$ 99	\$ 2,805	\$ 2,593	\$ 825	\$ 812,391
-	-	-	-	-	-	3,146
-	-	-	-	-	-	84,613
-	-	-	-	-	-	13,239,000
26,692	-	-	-	-	-	26,778
7	-	-	-	-	-	7
<u>\$ 49,982</u>	<u>\$ 1,622</u>	<u>\$ 99</u>	<u>\$ 2,805</u>	<u>\$ 2,593</u>	<u>\$ 825</u>	<u>\$ 14,165,935</u>
\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,168
-	-	-	-	-	-	1,323
38,095	-	-	-	2,593	825	14,116,488
-	1,622	99	2,805	-	-	7,672
11,747	-	-	-	-	-	24,284
<u>\$ 49,982</u>	<u>\$ 1,622</u>	<u>\$ 99</u>	<u>\$ 2,805</u>	<u>\$ 2,593</u>	<u>\$ 825</u>	<u>\$ 14,165,935</u>

IOWA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2005

	County Offices			Agricultural	
	County	County	County	Extension	County
	Auditor	Recorder	Sheriff	Education	Assessor
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 1,942	\$ 96	\$ 602	\$ 78,817	\$ 445,212
Additions:					
Property and other County tax	-	-	-	69,430	295,008
State tax credits	-	-	-	3,885	19,814
Payments in lieu of taxes	-	-	-	195	995
E-911 surcharge	-	-	-	-	-
Office fees and collections	560	264,307	44,620	-	5,526
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,311	-	99,899	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	1,871	264,307	144,519	73,510	321,343
Deductions:					
Agency remittances:					
To other funds	560	126,865	43,846	-	-
To other governments	-	137,471	774	77,970	333,812
Trusts paid out	1,330	-	99,278	-	-
Total deductions	1,890	264,336	143,898	77,970	333,812
Balances end of year	\$ 1,923	\$ 67	\$ 1,223	\$ 74,357	\$ 432,743

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ <u>9,119,233</u>	\$ <u>446,406</u>	\$ <u>2,869,215</u>	\$ <u>211,976</u>	\$ <u>583</u>	\$ <u>331,895</u>	\$ <u>3,103</u>
8,695,233	400,974	3,150,967	191,663	-	-	2,480
448,723	21,957	107,630	11,108	-	-	131
25,261	1,102	-	924	-	-	7
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,956,853	-
-	-	-	-	6,087	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,169,217</u>	<u>424,033</u>	<u>3,258,597</u>	<u>203,695</u>	<u>6,087</u>	<u>3,956,853</u>	<u>2,618</u>
-	-	-	-	-	162,124	-
9,034,442	442,043	2,950,504	206,358	6,580	3,783,990	2,640
-	-	-	-	-	-	-
<u>9,034,442</u>	<u>442,043</u>	<u>2,950,504</u>	<u>206,358</u>	<u>6,580</u>	<u>3,946,114</u>	<u>2,640</u>
\$ <u><u>9,254,008</u></u>	\$ <u><u>428,396</u></u>	\$ <u><u>3,177,308</u></u>	\$ <u><u>209,313</u></u>	\$ <u><u>90</u></u>	\$ <u><u>342,634</u></u>	\$ <u><u>3,081</u></u>

IOWA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2005

	<u>Emergency Management</u>	<u>Fire Districts</u>	<u>Amana Land Use District</u>	<u>Sanitary Districts</u>	<u>E-911 Service Commission</u>
ASSETS AND LIABILITIES					
Balances beginning of year	\$ <u>49,710</u>	\$ <u>68,739</u>	\$ <u>24,230</u>	\$ <u>28,098</u>	\$ <u>15,189</u>
Additions:					
Property and other County tax	-	66,141	23,150	27,868	-
State tax credits	-	2,661	511	856	-
Payments in lieu of taxes	-	-	-	-	-
E-911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	29,787	-	-	-	26,409
Total additions	<u>29,787</u>	<u>68,802</u>	<u>23,661</u>	<u>28,724</u>	<u>26,409</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	45,889	68,560	23,572	28,378	14,084
Trusts paid out	-	-	-	-	-
Total deductions	<u>45,889</u>	<u>68,560</u>	<u>23,572</u>	<u>28,378</u>	<u>14,084</u>
Balances end of year	\$ <u><u>33,608</u></u>	\$ <u><u>68,981</u></u>	\$ <u><u>24,319</u></u>	\$ <u><u>28,444</u></u>	\$ <u><u>27,514</u></u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Tax Sale Redemption</u>	<u>Bankruptcy Trust</u>	<u>Condemnation Trust</u>	<u>Monies/ Credit Loans Credit</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ <u>74,539</u>	\$ <u>3,262</u>	\$ <u>99</u>	\$ <u>2,805</u>	\$ <u>2,198</u>	\$ <u>6,070</u>	\$ <u>13,784,019</u>
-	-	-	-	-	-	12,922,914
-	-	-	-	-	-	617,276
-	-	-	-	-	-	28,484
112,797	-	-	-	-	-	112,797
-	-	-	-	-	-	315,013
-	-	-	-	-	-	3,956,853
-	-	-	-	-	-	6,087
-	132,890	-	-	-	-	234,100
152	-	-	-	-	6	158
-	-	-	-	395	4,437	61,028
<u>112,949</u>	<u>132,890</u>	<u>-</u>	<u>-</u>	<u>395</u>	<u>4,443</u>	<u>18,254,710</u>
-	-	-	-	-	-	333,395
137,506	-	-	-	-	9,688	17,304,261
-	134,530	-	-	-	-	235,138
<u>137,506</u>	<u>134,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,688</u>	<u>17,872,794</u>
\$ <u><u>49,982</u></u>	\$ <u><u>1,622</u></u>	\$ <u><u>99</u></u>	\$ <u><u>2,805</u></u>	\$ <u><u>2,593</u></u>	\$ <u><u>825</u></u>	\$ <u><u>14,165,935</u></u>

IOWA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Property and other County tax	\$ 5,879,521	\$ 5,524,123	\$ 5,580,665	\$ 5,559,826
Interest and penalty on property tax	48,015	64,355	39,469	35,393
Intergovernmental	4,658,429	4,975,930	4,296,233	4,323,648
Licenses and permits	27,564	25,394	21,392	20,295
Charges for service	564,676	607,983	591,811	503,195
Use of money and property	193,916	125,597	216,521	267,840
Miscellaneous	331,444	154,425	160,067	167,953
Total	<u>\$ 11,703,565</u>	<u>\$ 11,477,807</u>	<u>\$ 10,906,158</u>	<u>\$ 10,878,150</u>
Expenditures:				
Current:				
Public safety and legal services	\$ 1,965,078	\$ 1,706,601	\$ 1,478,594	\$ 1,530,025
Physical health and social services	694,344	697,098	699,262	869,033
Mental health	1,318,859	1,396,825	1,458,881	1,424,644
County environment and education services	649,767	939,357	834,059	538,337
Roads and transportation	4,159,481	4,199,458	4,371,088	3,679,800
Governmental services to residents	373,975	348,331	356,442	339,965
Administrative services	1,084,618	1,254,692	1,320,423	990,949
Non-program	-	18,019	361	2,991
Debt service	254,652	85,660	79,545	83,064
Capital projects	2,230,125	1,690,102	530,538	724,423
Total	<u>\$ 12,730,899</u>	<u>\$ 12,336,143</u>	<u>\$ 11,129,193</u>	<u>\$ 10,183,231</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Iowa County:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated January 10, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iowa County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Iowa County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items I-A-04 and I-B-05 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa County and other parties to whom Iowa County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 10, 2006

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2005

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-05 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder, Sheriff
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Auditor, Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder, Sheriff, Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2005

Part I: Findings Related to the General Purpose Financial Statements (continued):

REPORTABLE CONDITIONS (continued):

I-A-05 Segregation of Duties (continued)

Responses –

County Auditor – We will comply with this recommendation to the extent possible.

County Recorder – We will comply with this recommendation to the extent possible.

County Sheriff - We will comply with this recommendation to the extent possible.

County Treasurer – We will review procedures and try to make any necessary changes where possible.

Conclusion – Responses accepted.

I-B-05 Bank Reconciliations – We noted in our testing of the bank reconciliation prepared by the Treasurer that a difference existed at June 30, 2005, of \$6,859 between the bank balances and the Treasurer's general ledger.

Recommendation – The Treasurer should reconcile bank balances to the general ledger balance as soon as possible after the end of the period and immediately investigate any variances noted. This will better safeguard the underlying asset and improve controls over cash balances.

Response – County Treasurer – We were aware of the differences. We investigated the variances and made the proper adjustments to reconcile the bank balances to the general ledger. We will investigate variances noted on a more timely basis in the future.

Conclusion – Response accepted.

I-C-05 Untimely Deposit – Out of twenty-three receipts tested, two were not deposited timely. The receipts were held by the recipients for several days before being given to the County Treasurer for deposit.

Recommendation – Receipts should be turned in to the County Treasurer on a timely basis. All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds.

Response – We will try to ensure that the County Treasurer receives all receipts on a timely basis.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part I: Findings Related to the General Purpose Financial Statements (continued):

REPORTABLE CONDITIONS (continued):

- I-D-05 Unauthorized Signatures – We noted that two former County employees are still listed as authorized check signers on six County bank accounts.

Recommendation – The County should update the authorized signatures for all accounts as soon as possible. All signature authorizations should be updated immediately whenever a change in applicable employees occurs.

Response – We have now corrected all authorized signature cards as of December 22, 2005. We will properly maintain and update all signature authorizations in the future.

Conclusion – Response accepted.

- I-E-05 Interest Revenue – We noted that the interest on a certificate of deposit was recorded into County records two months after the date the bank paid the interest.

Recommendation – All revenues should be timely recorded in order to provide a more accurate representation of the financial position of any affected fund during the year.

Response – This was an oversight on one interest payment due to personnel changes within the Treasurer's office. All revenues will be timely recorded in the future.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2005

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- II-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amount budgeted in the Debt Service function.
- Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response – We will amend the budget when required in the future.
- Conclusion – Response accepted.
- II-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-E-05 Business Transactions – No business transactions between the County and County officials or employees were noted.
- II-F-05 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- II-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-H-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- II-I-05 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IOWA COUNTY
SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part II: Other Findings Related to Required Statutory Reporting (continued):

- II-J-05 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

The Board Treasurer's bond covered the amount required by Chapter 176A.14(5) of the Code of Iowa.

Disbursements during the year ended June 30, 2005 for the County Extension Office did not exceed the amount budgeted. However, approval of the budget at the public hearing was not documented in the minutes as required by Chapter 331.434 of the Code of Iowa. We also noted that the minutes for one meeting were not properly signed as required by Chapter 176A.14(3) of the Code of Iowa. In addition, we noted that one batch of checks was not approved by the Extension Council.

Recommendation – All budget approvals should be properly documented in the Ag Extension minutes, as required, and all minutes should be properly signed. All checks issued should be approved by the Extension Council.

Response – These errors were oversights during the year. We will properly sign all minutes, document budget approval, and approve all checks issued in the future.

Conclusion – Response accepted.

- II-K-05 Codification of Ordinances – The County has not compiled a code of ordinances containing all of the County ordinances at least once every five years as required by Chapter 331.302(9) of the Code of Iowa. This was last completed in December 1996.

Recommendation – The County should compile a code of ordinances containing all of the County ordinances at least once every five years.

Response – We will compile a code of ordinances.

Conclusion – Response accepted.

- II-L-05 Treasurer's Report – We noted that the Treasurer's report of receipts, disbursements, and ending cash balances, including warrants outstanding against each fund, was not published in accordance with Chapter 349.16(3) of the Code of Iowa.

Recommendation – This report, prepared on a semi-annual basis, should be properly published in the future.

Response – This was an oversight for the June 30, 2005 report. We will properly publish all reports as required in the future.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Part II: Other Findings Related to Required Statutory Reporting (continued):

- II-M-05 Compensation for Loss of Capital Assets – The County received an insurance reimbursement for replacement of a patrol car totaled in an accident. The reimbursement was improperly given directly to the dealer for the new car, bypassing the County budget process.

Recommendation – All insurance reimbursements should be recorded directly into County records as an other financing source in the future. The expenditure should then be recorded in the proper function for the replacement asset to avoid the understatement of actual County expenditures. If necessary, the budget should be amended for the applicable function to avoid exceeding the budget.

Response – We will properly record all such transactions in County records in the future to avoid bypassing the budget.

Conclusion – Response accepted.

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